

Civil Society Meeting on the International Debt Architecture and Liquidity

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Statement by Jason Braganza

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focusing on the urgency of the debt crisis and its impacts on human rights*

Your Excellencies, Amina J. Mohammed, Deputy Secretary General of the United Nations, Robert Rae, Permanent Representative of Canada to the United Nations, Courtenay Rattray, Permanent Representative of Jamaica to the United Nations, Fellow Comrades from Civil Society across the world, distinguished participants, ladies and gentlemen, good morning, good afternoon, and good evening to you all from the time zone you are joining us.

I am speaking here today on behalf of global civil society groups amidst the winds of change that are blowing over our world. The headline in my submission, distinguished comrades and friends, is according to the African Economic Outlook 2021: **“Women and female-headed households could represent a large proportion of the newly poor due to COVID-19”**.

The social and economic induced crisis from the global pandemic has yet again exposed the grave inequalities that exist within our societies with poorer countries especially in Africa bearing the brunt of the fallout from the pandemic. The global pandemic is giving rise to

First, lockdowns that have disrupted economic activity and resulted in [Output in the Sub-Saharan](#) Africa region contracting by an estimated 3.7%. Consequently, per capita income shrank by 6.1% in 2020, **setting average living standards back by at least a decade** in a quarter of Sub-Saharan African economies. Hardest hit were countries with large domestic outbreaks, **those heavily dependent on travel and tourism, and commodity exporters, particularly oil exporters**. About 30 million Africans were pushed into extreme poverty in 2020 as a result of the pandemic and it is estimated that about 39 million Africans could fall into extreme poverty in 2021. Those with lower levels of education, few assets, and working in informal jobs are most affected. Inequality is also set to increase, because of the disproportionate impact of the pandemic on such vulnerable groups as women, youth, and low-skilled informal sector workers.

Second, the pandemic has long-term implications for human capital development. Millions of children have already lost a half year to a full year of learning, with poor communities disproportionately affected. Disruptions in routine essential healthcare services— such as malaria prevention and treatment, vaccinations, and maternal and child health services— have resulted in a secondary health crisis. Also, a disproportionately high rate of pandemic-induced job loss and livelihood damage among women will degrade human capital through lower investment in children’s health, nutrition, and education. Unless there are effective remediation policies, the loss will reverse some progress in human capital development over the past two decades. Protracted school closures will exacerbate learning inequality and

increase dropout rates. Almost all African countries closed schools for a protracted period because of COVID–19. It is estimated the loss to GDP from education disruption is \$500 billion.

Third, the **African Debt crisis has been accelerated** by the onset of the global health pandemic. And while many developing countries were already facing crisis before the pandemic (34 countries in or at high risk of debt distress at start of 2020), the **nature of developing country debt is far more complex** than in the past, with a new landscape that poses more risks. An increasing share is now composed of commercial bonds traded on international capital markets.

Fourth, there are fundamental flaws with how global finance and global debt architectures function. The issue of Illicit Financial Flows, Debt, Tax Havens, and aggressive corporate culture; Privatisation of development is a growing concern for wider FfD agenda; IFFs are on the rise, and it is estimated Africa could gain \$89 billion annually by curbing illicit financial flows. The status quo that governs global finance is skewed, with illicit financial flows representing a double theft: an expropriation of funds that also robs billions of a better future. This situation undermines trust in public ethics, drains resources, pushes people into poverty and hamstrings efforts to tackle global challenges, including COVID-19.

And fifth, the IMF Managing Director, recently said the most important economic policy for Africa is its vaccination policy. Yet while this applies to the wider developing world, the **Vaccination inequality and nationalism we are witnessing will further undermine the attainment of universality on access to vaccinations**. Some countries in the global north have ordered the highest number of vaccine doses relative to their populations, **enough supplies to give each person at least four doses**. By contrast, the [African Union](#) and Latin American countries – with the exception of Brazil – have confirmed orders amounting to one jab each for less than half their populations. The reluctance to universally adopt the TRIPS waiver on vaccine production does exacerbate the supply constraints to developing countries.

Ladies and Gentlemen, the current debt relief, restructuring, reprofiling, suspension, and financing facilities do well to address the immediate liquidity constraints developing countries are facing, but do little to address the fundamental structural power imbalances in the global debt, economic, and financial architecture. The current initiatives are further undermined by the lack of full participation of ALL creditors, that is, International Financial Institutions and Commercial and Private Creditors. The role of credit rating agencies in further suppressing the ability of developing countries to access debt relief initiatives and is causing delay in stemming the already deep impacts of the crisis. It is worth noting rating agencies have downgraded some countries in Sub-Saharan Africa following their decision to access the DSSI and other initiatives. Furthermore, all three major credit agencies have made it clear that requesting private sector participation on comparable terms could lead to a downgrade (although this might be temporary).

As we gather here to discuss various options on how to build forward together, we need to be talking about more than an economic reform package for our countries. We are advocating for a renewal of the social contract between citizens and the state, the claiming of developing country's self-determination as it interacts with development partners, private creditors, and

the International Financial Institutions. In conclusion, it is incumbent on us to seize this moment to overhaul the inequalities of the global architecture that places profits before people and undermines the fundamental human rights of all citizens.

Thank you.

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